

Message Text

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TO RECEPTION CENTER HONOLULU

C O N F I D E N T I A L STATE 029370

PLEASE PASS TO MICHAEL H. STYLES

FOLLOWING JAKARTA 1687 SENT ACTION SECSTATE INFO CANBERRA BANGKOK
SINGAPORE TOKYO HONG KONG FEB 5; REPEATED TO YOU QUOTE

C O N F I D E N T I A L JAKARTA 1687

CANBERRA FOR U.S. CIVAIR DELEGATION

EO 11652: GDS

TAGS: EAIR ID

SUBJECT: U.S.-INDONESIA CIVAIR NEGOTIATIONS

REFS: (A) JAKARTA 1326, (B) JAKARTA 1343, (C) JAKARTA 1344

1. SUMMARY: BACKGROUND TO INDONESIAN POSTITION IN RECENT
CIVIL AIR DISCUSSIONS IS COMBINATION OF NATIONAL PRIDE,
OFFENSE AT "BIG POWER" TACTICS, SENSITIVITY TO CURRENT
POLITICAL CLIMATE, AND PRIORITY GIVEN TO INSURING RECIPROCAL
ARRANGEMENTS IN ASIA. PANAM CARGO FLIGHT AND REQUEST FOR
INCREASED FREQUENCIES AND FIFTH FREEDOM ALL EFFECTED. IF
WAY TO AGREEMENT CANNOT BE FOUND, GOI PREPARED CANCEL U.S.
CIVIL AIR AGREEMENT. FOLLOWING RECENT DISCUSSIONS, MINISTER
ASSUMES PERMISSION FOR GARUDA FLIGHT TO U.S. IN JEOPARDY
AND IS NOT CURRENTLY PLANNING SEND DELEGATION TO HEARINGS
SCHEDULED FEBRUARY 9. END SUMMARY.

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2. IN PRIVATE LUNCH FEBRUARY 5, MINISTER COMMUNICATIONS
EMIL SALIM EXPLAINED TO ME HIS FEELINGS AND POLICIES
ARISING FROM RECENT AIR DISCUSSIONS WITH U.S.

3. HE BEGAN BY EXPRESSING DISAPPOINTMENT IN "TONE" OF
DISCUSSIONS IN WHICH HE SAID U.S. DELEGATION APPEARED
LESS UNDERSTANDING OF INDONESIAN PROBLEMS THAN DURING
EARLIER DISCUSSIONS IN WASHINGTON. REFERRING TO "BIG
POWER ATTITUDE" HE SAID APPROACH APPEARED TO BE THAT BE-
CAUSE OF RESPECTIVE SIZES OF COUNTRIES, INDONESIA HAD TO
BE PLACED IN INFERIOR POSITION. HE CITED AS EXAMPLE
PROPOSAL THAT FOR FOUR U.S. FREQUENCIES TO INDONESIA,
U.S. COULD GIVE GARUDA ONLY TWO TO U.S. HE SAID NOT
ONLY WAS NATIONAL PRIDE AT STAKE, BUT GAVE RECENT CRITI-
CISM OF GOVERNMENT FOR BEING TOO SUBSERVIENT TO IGGI
COUNTRIES AS INDICATION POLITICAL FACTORS ALSO INVOLVED.

4. TYPICAL EXAMPLE HE SAID RELATED TO RECENT PANAM NOTIFICATION
REGARDING CARGO FLIGHT. GARUDA, WHICH HAD RIGHT UNDER
AGREEMENT TO FLY TO U.S., WAS TOLD THEY WOULD HAVE TO
WAIT ONE YEAR FOR PRIVILEGE. U.S. FILES FOR NEW SERVICE
WITH ONLY FEW DAYS NOTICE. INDONESIA WILL NOT STAND FOR
THIS KIND OF UNEQUAL TREATMENT. FURTHERMORE, GARUDA, IF
IT FLIES DC-10 TO U.S., WILL HAVE SUBSTANTIAL CARGO
CAPACITY SERVICE AND WANTS TO DISCUSS SITUATION WITH ITS
OWN CAPACITIES IN MIND. U.S.
MAY PROTEST INDONESIAN REFUSAL TO PERMIT CARGO FLIGHT,
BUT IN VIEW OF INEQUITIES, PROTEST WOULD BE "MORALLY
WRONG."

5. SALIM THEN SAID THAT INDONESIA, LIKE MOST OTHER
COUNTRIES, NO LONGER ACCEPTED BASIC APPROACH OF BERMUDA
PRINCIPLES GOI AVIATION POLICY IS BASED FIRST IN IN-
SURING EQUAL OPPORTUNITY FOR INDONESIAN CARRIERS IN ASIAN
CORRIDOR FROM TOKYO TO AUSTRALIA THROUGH HONG KONG,
SINGAPORE AND JAKARTA. IN THIS CORRIDOR GARUDA FACES
CUTRATE COMPETITION OF NON-IATA CARRIERS. ONLY WAY TO
PROTECT GARUDA IS TO SIGN FULLY RECIPROCAL AGREEMENTS WITH
GOVERNMENTS CONCERNED, WITH THIRD AND FOURTH FREEDOMS.
BECAUSE THERE IS BARELY ENOUGH TRAFFIC TO SUPPORT SUCH
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ARRANGEMENTS, THERE IS NO ROOM FOR THIRD PARTY.
INDONESIA RECENTLY CAME TO AGREEMENT WITH JAPAN. ALTHOUGH
BECAUSE OF LACK OF GARUDA EQUIPMENT JAPAN HAS TWO FLIGHTS
TO INDONESIA'S ONE, THEY HAVE FIFTH FREEDOM ONLY ON
RECIPROCAL BASIS. INDONESIA WANTS ROUTE TO U.S. BUT ASIA
IS ITS FIRST PRIORITY AND IF U.S. ROUTE HAS TO BE
SACRIFICED ON ORDER TO ACHIEVE OBJECTIVES IN ASIA, SO
BE IT.

6. WITH RESPECT TO FIFTH FREEDOM FOR U.S., SALIM SAID U.S. CARRIER CURRENTLY ONLY ONE SERVING INDONESIA WITH FIFTH FREEDOM RIGHTS NOT ON FULLY RECIPROCAL BASIS. INDONESIA PREPARED PROVIDE CONTINUING FIFTH FREEDOM RIGHTS TO PANAM FOR ONLY ONE FREQUENCY HONG KONG, DENPASAR, SYDNEY AND RETURN. FOR THIS, HOWEVER, INDONESIA WILL WANT A PRICE. SALIM CONTINUED THAT AUSTRALIA AND INDONESIA HAD COMMON INTERESTS AND HE DOUBTED U.S. NEGOTIATORS IN AUSTRALIA WOULD ACHIEVE VERY MUCH. AUSTRALIA HAS ASKED HIM ABOUT NEGOTIATIONS WITH U.S. HE HAD REPLIED THAT THERE HAD BEEN NO RESULTS AND TO REINFORCE THIS HE HAD ISSUED PRESS RELEASE THAT NEGOTIATIONS BEING MOVED TO "HIGHER LEVEL." ULTIMATELY, HE SAID, INDONESIA AND AUSTRALIA WILL HAVE SEVEN RECIPROCAL FREQUENCIES WEEKLY WITH AUSTRALIA ALTERNATING BETWEEN JAKARTA AND DENPASAR WHILE GARUDA WILL SERVE BOTH ON EACH FREQUENCY.

7. IN RESPONSE TO SALIM'S EXPLANATION, I SAID IT IS IMPORTANT THAT AT TIME WHEN PROBLEMS EXIST IN CONGRESS AND THERE IS SOME UNCERTAINTY ABOUT INVESTMENT CLIMATE IN INDONESIA THAT WE MUTUALLY TRY TO AVOID ABRUPT ACTIONS OR CANCELLATIONS. U.S. CIVIL AVIATION POLICY HAS TO TAKE WORLDWIDE CONSIDERATIONS INTO ACCOUNT AS WELL AS CONGRESSIONAL SENTIMENTS. WE FELT AGREEMENT EXISTED AND THAT WE HAD RIGHTS TO REQUEST CHANGES AND EXTENSIONS PROVIDED FOR IN AGREEMENT. WE COULD NOT ACCEPT THAT PREVIOUS ABSENCES OF DIPLOMATIC PROTESTS SIGNALLED OUR ACQUIESCENCE IN ACTIONS NOT IN ACCORDANCE WITH AGREEMENT. I WELCOMED HIS FRANK EXPLANATION OF AVIATION POLICY AND WOULD REPORT TO WASHINGTON TO SEE WHAT FURTHER STEPS MIGHT BE POSSIBLE.

IM SALIM REPLIED THAT HE HAD PRESIDENT'S BACKING IN THIS
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POLICY AND THAT IF SOME AGREEMENT COULD NOT BE REACHED SOON, HE WOULD RECOMMEND NOTIFYING US OF THEIR DESIRE TO CANCEL AGREEMENT. HE WAS HOLDING UP SENDING DELEGATION FOR HEARINGS SCHEDULED FEBRUARY 9 ON GARUDA'S APPLICATION BECAUSE HE FELT WHOLE PROJECT IN DOUBT.

9. COMMENT: POSITION WE HAVE ADOPTED IN RECENT CIVIL AVIATION TALKS HAS OBVIOUSLY TOUCHED SENSITIVE NERVE IN MINISTER OF COMMUNICATION. HE IS PREPARED TO NEGOTIATE NEW AGREEMENT BUT IS NOT PREPARED TO OPERATE UNDER PRESENT AGREEMENT WITHOUT MODIFICATION HE WAS NOT SPECIFIC ON WHAT "PRICE" HE MIGHT WANT FOR FIFTH FREEDOM RIGHTS INTO DENPASAR. OBVIOUSLY PROMOTION PANAM IS CURRENTLY DOING FOR BALI IS NOT ENOUGH.

10. WHILE I APPRECIATE THERE ARE WIDER CONSIDERATIONS, I BELIEVE THAT POLITICAL CLIMATE HERE AND PERSONALITY OF EMIL SALIM DICTATE THAT WE MODIFY OUR STANCE SOMEWHAT. SPECIFICALLY, I SUGGEST THAT:

(A) WE HOLD UP ON PROTEST OVER CANCELLATION CARGO FLIGHT;

(B) I BE AUTHORIZED INFORM SALIM GARUDA APPLICATION STILL ACTIVE AND HE SOULD SEND DELEGATION FOR HEARINGS;

(C) THAT WE RESUBMIT REQUEST FOR GUAM, JAKARTA, GUAM FLIGHTS IN PLACE OF HONG KONG, JAKARTA, AUSTRALIA FREQUENCIES;

(D) THAT WE PROPOSE CONTINUATION OF TWO HONG KONG, DENPASAR, SYDNEY FREQUENCIES WITH FIFTH FREEDOMS WHILE FURTHER DISCUSSIONS IN PROGRESS;

(E) THAT WE INDICATE THAT WE ARE PREPARED TO ACCEPT GARUDA SERVICE TO U.S. ON RECIPROCAL CAPACITY BASIS AT SUCH TIME AS INDONESIA HAS EQUIPMENT TO DO SO;

(F) THAT WE SET ASIDE FORMAL CONSIDERATION OF NEW AGREEMENT OR FATE OF PRESENT AGREEMENT UNTIL FOREGOING OPERATING PROBLEMS CAN BE RESOLVED.

11. IF WE DESIRE PUT BOTH BASIS AND ATMOSPHERE OF OUR CIVIL AVIATION RELATIONS ON SOUNDER FOOTING, FOREGOING STEPS, I BELIEVE, HELP TO DO SO. NEWSOM UNQUOTE KISSINGER

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